



**MAYOR JERRY SANDERS
CITY OF SAN DIEGO
STATE OF THE CITY ADDRESS
JANUARY 13, 2010**

Good evening.

Thank you, President Hueso.

I'm proud to share this moment with my wife, Rana Sampson, my daughters, Lisa and Jamie, my daughter-in-law Meaghan, and my sister Jeannie and her husband, Jim Duncan. Thank you for all of your love and support.

I'd like to welcome the leaders of our military community, representing our men and women overseas. We are honored by your presence. Thank you for keeping us safe and secure.

And let me also welcome the members of our City boards and commissions, and my Civic Leadership group. These volunteers work long hours in exchange for considerable grief. Thank you for caring so much about your City.

We are gathered tonight in the heart of a great City, a City filled with great promise -- and a City that I suspect has never been so happy to begin a new decade.

San Diego has been sorely tested over the past 10 years.

There were times when we shined -- pulling together as one community with a bottomless capacity for hard work and selflessness. And there were times when we were shamed -- our trust shattered by City leaders who substituted smoke and mirrors for truth and honor.

At the midpoint of that decade, the City's credibility was so low that we were dubbed "Enron-by-the-Sea." It was a humiliation we earned, and one we've erased through hard work, shared sacrifice and a repudiation of the old ways of doing business. We must never go back.

Restoring the trust of the public has not been easy. Their skepticism was well-founded and will always remain with us. Nor is our rebuilding complete. There is always more to do. But the giveaway mentality of past City Councils has been vanquished.

So has the power of unelected city managers to hide the ball from the public and provide cover for elected officials. Accountability to the people is now placed squarely in the Mayor's Office.

So when things go wrong, there's no passing the buck. It stops with me.

And when things go right, as they increasingly have, it's because there is credit to be shared.

We are beginning 2010 on a strong footing. Our employees are working harder and doing more with less than at any time in City history. We owe them our thanks. And we have leadership, and a philosophy of governance, built to withstand the challenges and capitalize on the opportunities ahead.

Our legacy will include a government where streamlining and public service work together, and efficiency is expected of everyone, every day.

I am honored to appear tonight in the company of elected officials who have helped me fight for the taxpayers and restore integrity at City Hall.

Some have been in office for only a year. Yet in that brief time we've seen a dramatic improvement in the way San Diego conducts the public's business.

We all knew that when Judge Goldsmith became City Attorney Goldsmith, he would bring an immediate upgrade to the caliber and stability of our legal advice.

He has, and we are all better off with him on this team.

When four new council members were sworn in last year, no one could have known how this diverse and untested group would respond to the demands of office.

We only had to look to Sacramento to see what can happen when ideology becomes an excuse for gridlock, and winning elections is a higher calling than serving the people.

But not here. Not in San Diego.

A time for honesty and courage

Confronted with wave after wave of grim economic news, this City Council has faced the truth about our challenges, and made decisions even when they were unpopular or difficult.

Cities across America cut payroll last year, but few had the good sense to save jobs and services by asking every employee to take a 6 percent compensation reduction. This City Council did.

As a new year begins, cities across America must cope with recession-driven declines in revenue. Most will act at the last minute. Our City Council was proactive -- adopting its new budget six months early to lessen the impact of those cuts by spreading them over a longer period. And in doing so, it protected \$24 million in public services.

They kept our City on a responsible course, and they deserve our thanks.

While these cuts were necessary, I don't expect people to be happy about them. I understand that, for many, our financial uncertainty is unnerving. But experience teaches us that true stability begins by accepting reality, and with priorities that reflect bedrock values.

For four years, we have made solid, steady progress chopping away at our City's structural deficit while protecting our core functions. This structural deficit – the imbalance between the public's expectations of their City and the revenues that sustain it – was allowed to grow for decades. It has deep roots. The notion that it can be toppled with one stroke may be alluring, but we will not be so foolish as to exchange one untenable plan for another.

Hard times give rise to extremist views, but we've experienced nothing that warrants the simplistic arguments you hear for bankruptcy, or for decimating our services, or for pinning our hopes on pension take-backs that courts have said are illegal. The people of San Diego deserve better than that.

We must not compound our troubles by embracing the false promise of easy answers, or by ignoring hard truths. This isn't a job for salesmen or sloganeers. It isn't glamorous. It's work.

And work is precisely what we've done. While other municipalities tiptoe toward cost-cutting, still hoping to be rescued by miracles that never arrive, we have reduced the cost of city government by tens of millions of dollars, and cut our budgeted workforce by well over 1,000 positions.

And today, the ratio of General Fund employees to residents is at its lowest level in four decades.

When we put our 18-month budget in place, this City Council and I made a commitment to develop solutions to finish the job.

I cannot speak for anyone else on this stage. But so there is no mistaking my intent, I'll be clear: No plan can succeed that does not respect the taxpayers and earn their trust. Nor can we build a future by catering to those who only care about what's in it for them. We must be a City with a single agenda: to live within our means, honestly, without expecting someone else to pick up the tab.

Before that 18 months is over, I will have come back to you with a plan to resolve the City's structural deficit. This is what the taxpayers want me to do, and I will do it.

Keeping challenges in perspective

Great cities like ours are home to thousands of viewpoints, but they're shaped by the people who put community before self, and who act even in the face of adversity. It is through accomplishments that can endure the test of time that we feed the optimism and sense of community that are indispensable components of progress.

This year is the 100th anniversary of the San Diego Symphony, the pioneer of our vibrant arts community that brings untold pleasure to people of all ages and interests. Today our theaters have a direct pipeline to Broadway. But we are still inspired by those early arts patrons who brought culture to a frontier town of wooden-wheeled wagons and hard-dirt roads.

This is the 100th anniversary for The US Grant Hotel, still a majestic downtown landmark, despite a bumpy start that included the developer running out of cash during construction. Civic embarrassment was averted when forward-thinking San Diegans put up the money to finish the job. It wouldn't be the last time that community pride and investment savvy would go hand in hand.

This year is also the 100th anniversary of the naming of Balboa Park, the moment an expanse of raw land gained its identity as a world-class treasure, one that would be enjoyed by generations. One hundred years ago, a gathering like this one tonight probably involved preparing for the 1915 Panama-California Exposition. That event transformed Balboa Park into an international showcase, but also was designed to lift the local economy from its doldrums.

The vision and determination of these remarkable San Diegans suggests a city of feverish activity. Yet our population then was about 39,000 people -- not enough to sell out a Padres game. Today our population is 30 times larger and our wealth is exponentially greater. Our sense of obligation to our children, and to their quality of life, should be as real for us as our forebears.

As we climb out of the deepest recession since the Great Depression, our nation is in a recovery of sorts. Economists call it a "jobless recovery." If you're one of the jobless, that's small consolation. If you're an elected official, knowing families are struggling to stay afloat, it's a call to action.

A recovery with jobs

When future generations think back on this time, I want them to remember that we didn't sit on our hands waiting for job growth to catch up with the economy, but that we invested our time and talent to create jobs and build prosperity.

I am using my office, and its resources, to invest in an emerging pillar of our economy. And I will not rest until San Diego is synonymous with clean technology.

I've met with some of the best minds at our local universities, and some of the most dynamic and visionary entrepreneurs in our region. Their companies create fuel from algae and feedstock. They design energy-efficient fuel cells, and develop all-electric passenger vehicles. They deliver energy from wind and waves.

We are committed to their success because this industry also develops and delivers jobs. When other sectors are laying off, clean technology is growing and hiring. These are well-paying jobs that strengthen the middle class. They will become more essential as the world seeks out non-polluting and efficient energy. Clean technology is the future, and it is happening here.

Our children will grow up in a City that has harnessed clean energy to power our homes and protect our beaches and bays. In the coming months, I'll be asking our City Council to cast a series of votes in support of our CleanGeneration program, which will double the size of our solar sector and boost green businesses that retrofit homes and provide them with renewable energy.

Infrastructure to aid the economy

But the attention our economy needs cannot be confined to what's new and exciting. Traditional sectors can never be ignored, especially in a time of rapid world changes.

For 20 years, the San Diego Convention Center has been a cornerstone of the tourism sector, drawing millions to our City and putting food on the table for thousands of families. But those families are in danger of being left behind when our facility grows too small for the most lucrative conventions.

Financing the next phase of expansion will require finding private-sector revenue streams from the industry groups that would most directly benefit. Even in the down economy, they understand what's at stake. Conventions come here for our climate and amenities, and it would be easy to take them for granted. But the competition is fierce, and in today's marketplace, no one gets a free ride.

Now, some believe the hurdles to expansion are too steep, and we should accept a future with fewer tourists, fewer jobs and less revenue. This argument has been made at every step of the convention center's progress. As in the past, it's a loser.

We have to want this. We have to go out and get it.

The same is true of our future water supply. I began mobilizing California's mayors to address our water needs two years ago, when I convened our first meeting on new infrastructure and delivery systems.

With help from the County Water Authority and the EDC Governor's Council, these efforts produced a legislative package that will keep the water flowing to all Californians by solving the problems of the Bay-Delta and building a conveyance system around it. One piece remains: an \$11 billion water bond that is crucial to the health of our economy and to a reliable supply of safe drinking water.

It's about time San Diego started getting the water we've paid for.

Trade with Mexico is the fastest growing component of our regional economy, yet each year we squander \$3 billion in productivity while people with legitimate reason to cross the border wait in ever-longer lines. This is not a security problem. It's an infrastructure problem.

In 2010, we will make headway in unclogging all three of our border crossings -- and we will break ground on a massive expansion of the San Ysidro Port of Entry -- so trade can flow freely, and new jobs can blossom.

Protecting local services

But as we build the future, we cannot forget that great economies grow one wage-earner, one family at a time.

Small businesses are the driving force of our economy, accounting for more than 90 percent of all businesses in San Diego. They survive because of their grit and work ethic, and ask only that they be given a fair shot at success.

Monday the City Council passed my Small Local Business Enterprise plan to expand opportunities for small contractors, enabling them to benefit from all we're doing to repair our crumbling roads, storm drains and aging buildings.

Many of these companies are family-run. Many are minority-owned. Many have long been shut out of the government structure. This program lets us maintain the economies of scale that keep costs low, while unlocking doors and opening them wide.

But no actions we take to build our future are secure so long as Sacramento has the power to balance its budget by stealing from ours.

Last week, the governor told lawmakers a story that illustrates that mindset. It's an anecdote about two of his household pets -- a miniature pony and a pot-bellied pig. As the story goes, the pig and the pony have learned to work together as a team to steal food from the governor's dog. He saw this eight-legged partnership as a metaphor for his own teamwork with the Legislature.

The story makes more sense when it's told with an Austrian accent.

At any rate, I think you know who we are in the governor's analogy. We are the dog.

Year after year, the pig and the pony have been eating our lunch and congratulating themselves. And while this year may turn out differently, there will always be pressure for them to come after what's ours.

Well, they won't get away with it any longer.

We have begun circulating a statewide initiative to stop Sacramento politicians from balancing their budget by hijacking local funds meant for street repairs, transportation improvements and redevelopment projects.

Bottom line: The pig and the pony need to learn discipline and undertake serious reforms.

If they need a model, they can start right here in San Diego.

Progress on reform

While other municipalities remain in denial about pension costs, we've already implemented a responsible retirement plan for new employees that is years ahead of what the state and other cities are doing.

We began with a commitment to pay down our unfunded liability, both interest and principal, on an aggressive timeline.

But we are not just dealing with our debt. Under our hybrid pension system begun last year for new hires, costs are cut, excessive perks are eliminated and no one will again receive a pension that takes advantage of the taxpayers. It is a model for the nation – precisely the type of reform other cities are moving toward, and that state government has talked about for years without delivering.

Last year, when we adopted new contracts with our employees, we took strong steps to clamp down on costs in our retiree health care benefits, the final piece of the pension puzzle. We are now working with our employees to establish logical funding sources and levels. And with the help of our new city attorney, we will finish the job.

This legacy to future generations will establish more than a retirement system the public can trust. It will guarantee future budgets whose priority is public safety and services.

Continuing efficiency

For years we've had to craft budgets that will be remembered most for the difficult decisions they contained. And there will be more difficult decisions in the days ahead.

But sometimes the difficulty in reforming government is found only in resistance to change, even change that is obvious and long overdue.

A perfect example occurred last year. We invited private firms to bid on services performed for us by the San Diego Data Processing Corporation, which had a virtual monopoly on our information technology needs – to the tune of \$42 million a year.

This competition will save the City millions of dollars we can put to use in our neighborhoods. And I intend to see our City realize additional savings by allowing free and honest competition to determine the costs of other city functions. That's what the voters told us to do three years ago. There's no excuse for not moving forward. We now have a city attorney who promises to

implement the voters' will and to make a managed competition program one of his top priorities. This change in how we do business is long overdue.

Investing in our future

Other decisions that impact our future deserve this same degree of transparency and scrutiny.

Two very different projects -- the replacement of our Central Library and our City Hall -- are being analyzed right now and, as I've assured you, these decisions will be made only if they serve taxpayer interests.

With the support of this City Council, I've made clear that neither project will be pursued if it undercuts our General Fund, which provides essential City services that include public safety, parks and libraries. These projects are critical investments in our future, but must be built without sacrificing our present-day quality of life.

The library contractors will soon be providing the City Council with a final bid, and I'd be surprised if they haven't gotten my message that this project must meet our economic goals. If not, we walk away.

We have also entered into an exclusive negotiating agreement with a private partner who has proposed building a new Civic Center Plaza. And if this project doesn't save the taxpayers' money, year after year, we're not afraid to walk away from it, either.

These projects would greatly enhance the quality of life of future generations, but only if they're done right and without saddling us with debt.

Representing taxpayer interests

When we talk about our quality of life, often we are talking about things that are immeasurable: civic pride, and identity, and that sense of community that is built through shared experiences.

A great city is home to great passions. Some pursue theirs by surfing our beaches, or visiting our museums -- or attending a State of the City address. Hey, it takes all kinds. For others, that sense of community is never greater than when our sports teams compete, as the Chargers will do against the New York Jets on Sunday.

The Chargers are a regional asset, with a tangible impact on our economy. As it happens, they also are a pretty good football team, something the rest of the country will realize soon enough.

So let's talk about the Chargers. They want a new football stadium. They've agreed to partner with us to explore sites. And it's no secret that they could leave San Diego for another city, virtually any time they choose.

These two issues – whether they get a new stadium and whether they stay in San Diego – have hung over this City for too long. They need to be resolved, one way or another.

This is an issue where many are inclined to draw lines in the sand, rather than seek common ground.

I trust people know where I stand. I believe the Chargers are San Diego's team, and that they belong right here in San Diego County.

I also know that I was elected mayor to protect the taxpayer and restore our fiscal integrity. My priorities have not changed, and I'm not about to squander four years of hard work and achievement by letting our City make a bad deal.

We are now in talks with the Chargers about what it would take for them to decide to stay. We are subjecting each step to careful analysis, including the future of our existing stadium site and the drain it creates on our budget. This is not something the city can do alone, and we are grateful to our county government and representatives of other cities for regional leadership.

The current focus is on using a stadium as a catalyst to extend redevelopment east of downtown, in the same way that Petco Park brought \$1.7 billion in construction and economic activity to East Village. If there is a deal to be made in which both the taxpayers and the Chargers come out a winner, this is the City that can find it.

But this process will take time, and there's no guarantee of its outcome. My job is to make sure that the taxpayers' interests are represented and the risks are fully disclosed. And if a deal can be struck, it will go before the voters as soon as 2012 for their verdict.

Concluding thoughts

We've been through difficult times, but the citizens of San Diego have never lost faith in their City.

They still believe fiercely in its potential. Every day, they show their commitment in the most tangible way, by investing in their homes and their lives here, and by working toward brighter futures for themselves and their children.

And every day we must continue to match their faith, and to believe just as fiercely that our City cannot be held back by a bad economy, but only by its own fear and failure to act.

Just yesterday we learned that San Diego is a finalist to be a host city for the World Cup soccer championship tournament.

And so we find ourselves anticipating a moment that is a decade away.

And tomorrow we begin work on a plan to remodel the Plaza de Panama in the heart of Balboa Park. It was built for the 1915 Exposition as a grand ceremonial plaza for the public. Over time it was transformed into a grand ceremonial parking lot for cars.

We will reclaim that plaza for ourselves and posterity before the park's centennial celebration in 2015. And in doing so, we will celebrate a moment that's a century in our past.

As our nation recovers from this brutal recession, some cities will lag behind and others will lead the way. The choice is ours. But that choice is being made now, when, for some, the outlook is still bleak and much seems out of our control.

We are indebted to the foresight and optimism of the San Diegans who preceded us. And to people like those here tonight, with the courage to look past their own problems to the promise of the future.

By following their examples, San Diego is building momentum for the next decade and beyond, a time in history in which this dynamic City is destined to lead the way.

Thank you and good night.